

NOVARTIS AG,
Opposer,

- versus -

IPC No. 14-2009-00079
Case Filed: 12 March 2009
Opposition to:
Appln. Serial No. 4-2008-002296
Date Filed: 27 February 2008
Trademark: "CLOZIP"

YSS LABORATORIES CO., INC.,
Respondent-Applicant.
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Decision No. 2010-30

DECISION

NOVARTIS AG ("Opposer"), a corporation organized and existing under the laws of Switzerland, with business address at 4002 Basel, Switzerland, filed on 27 February 2008 an opposition to Trademark Application Serial No. 4-2008002296. The application, filed by YSS Laboratories Co., Inc. ("Respondent-Applicant"), with business address at 1133 United Nations Avenue, Paco, Manila on 27 February 2008, covers the mark CLOZIP for use on "*pharmaceutical preparation for antipsychotic used for the management of schizophrenia (including psychosis in parkinson's disease) in patients unresponsive to, or intolerance of, conventional antipsychotic drugs*" under Class 05.¹

The Opposer alleges the following:

"1. The trademark CLOZIP being applied for by respondent-applicant is confusingly similar to opposer's trademark CLIZID, as to be likely, when applied to or used in connection with the goods of respondent-applicant, to cause confusion, mistake and deception on the part of the purchasing public.

"2. The registration of the trademark CLOZIP in the name of respondent-applicant will violate Section 123.1, subparagraph (d) of Republic Act No. 8293, otherwise known as the Intellectual Property Code of the Philippines, to wit:

"3. The registration and use by respondent-applicant of the trademark CLOZIP will diminish the distinctiveness and dilute the goodwill of opposer's trademark CLIZID.

"4. The registration of the trademark CLOZIP in the name of respondent-applicant is contrary to other provisions of the Intellectual Property Code of the Philippines.

"In support of this opposition, opposer will prove and rely upon the following facts, among others:

"1. The mark CLOZIP of respondent-applicant YSS Laboratories Co., Inc. is confusingly similar with the trademark CLIZID of oppose Novartis AG, to wit:

- a. Both marks consist of six (6) letters and two (2) syllables each.
- b. Four (4) of the six (6) letters are identical namely the letters C, L, Z and I, while the letter "D" in CLIZID and the letter 'P' in CLOZIP are almost alike. Hence, practically five (5) out of six (6) letters are the same.

¹ The Nice Classification is a classification of goods and services for the purpose of registering trademark and service marks, based on a multilateral treaty administered by the World Intellectual Property Organization. The treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks concluded in 1957.

- c. The marks consist of two (2) syllables each with each syllable consisting of three (3) letters each which are also almost alike. CLI vis-a-vis CLO are almost similar just as ZID vis-a-vis ZIP are practically identical. The potential confusion is real.
- d. Because of the near unanimity in the letters and syllables of the two (2) marks, the syntax, the sound and the pronunciation of the words are the same.
- e. Both marks are word marks in plain, block letterings and not stylized. Neither are in color nor are compounded with a unique device or design. Hence, the similarity between the two (2) marks is even more pronounced or enhanced.

“2. Indubitably, opposer’s and respondent-applicant’s marks are confusingly similar. The case of *American Wire and Cable Co. vs. Director of Patents* (G.R. No. L-26557, February 18, 1970) where the Supreme Court found that DURAFLEX and DYNAFLEX are confusingly similar, finds application in the instant case, to wit:

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“3. The difference in the third and sixth letters of opposer’s and respondent-applicant’s marks does not negate confusing similarity. The test of confusing similarity which would preclude the registration of a trademark is not whether the challenged mark would actually cause confusion, mistake or deception in the minds of the purchasing public but whether the use of such mark would likely cause confusion or mistake. The law does not require that the competing marks must be so identical as to produce actual error or mistakes. It is sufficient that the similarity between the two marks be such that there is a possibility or likelihood of the purchaser of the older brand mistaking the newer brand for it. (*Acoje Mining Co., Inc. vs. Director of Patents*, 38 SCRA 480 [1971]).

“4. Moreover, it is settled jurisprudence that identity or similarity in the dominant features of two (2) competing marks will cause mistake or ~ confusion in the minds of the purchasing public. The case of *Co Tiong Sa vs. Director of Patents* (95 Phil. 1 [1954]) categorically held, as follows:

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“5. It has also been held in the case of *Phil. Nut Industry, Inc. vs. Standard Brands, Inc.* (G.R. No. L-23035, 31 July 1975, 65 SCRA 575) that:

“In cases involving infringement of trademarks, it has been held that there is infringement when the use of the mark involved would be likely to cause confusion or mistake in the mind of the public or to deceive purchasers as to the origin or source of the commodity; that whether or not a trademark causes confusion and likely to deceive the public is a question of fact which is to be resolved by applying the “test of dominancy,” meaning, if the competing trademark contains the main or essential or dominant features of another by reason of which confusion and deception are likely to result, then infringement takes place; and that duplication or imitation is not necessary, a similarity of the dominant features of the trademark would be sufficient.”
[Underscoring supplied]

“6. The dominancy test was applied by the Supreme Court in many other cases including *Lim Hoa vs. Director of Patents* (100 Phil. 214 [1956]), *Converse Rubber Corporation vs. Universal Rubber Products, Inc.* (G.R. No. L27906, 08 January 1987, 147 SCRA 154) and *Asia Brewery, Inc. vs. Court of Appeals* (G.R. No. 103543, 05 July 1993, 224 SCRA 437).

“7. In the recent case of *McDonald’s Corporation, et. al. vs. L.C. Big Mak Burger, et al.* (G.R. No. 143993, August 18, 2004), the Supreme Court likewise applied the test of dominancy

in determining that the mark BIG MAC of McDonald's Corporation and the mark BIG MAK of L'C, Big Mak Burger are confusingly similar. The Court ruled, as follows:

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that was further affirmed in the 2007 case of McDonald's Corporation vs. Macjoy Fastfood Corporation (G.R. No. 166115, February 2, 2007) where the Supreme Court again applied the test of dominancy and ruled that there is confusing similarity between the McDonald's marks and the mark MACJOY & Device.

"8. The reasoning in the McDonald's case (supra) applying the Dominancy Test is relevant in the instant case. The dominant feature in opposer's mark CLIZID is the mark itself, the first, second, fourth and fifth letters of which are identical to those of respondent-applicant's mark CLOZIP. The different third and sixth letters in both marks do not sufficiently distinguish the two marks from each other as they are similar in sound and appearance. As such, the two (2) marks are, for all intents and purposes, practically identical and confusingly similar. The purchasing public will easily recognize and remember the letters C L, Z and 1, and hence, it is very easy to mistake respondent-applicant's products bearing the mark CLOZIP for opposer's goods bearing the mark CLIZID.

"9. Furthermore, both trademarks cover similar, related and competing goods under International Class 5.

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The goods being similar, they are sold, marketed and/or found in the same channels of business and trade, thus compounding the likelihood of confusion.

"10. In view of the similarity of the covered goods under International Class 5, the purchasing public will most likely be deceived to purchase respondent-applicant's goods in the belief that they are purchasing opposer's goods. This will thus result to damage to the public and to opposer's established business and goodwill, which should not be allowed.

"11. In the Philippines, opposer is the owner/registrant of the mark CLIZID, thus, it has superior and exclusive right over said mark and other marks confusingly similar thereto, to the exclusion of any third party. The particulars of this registration are, as follows:

Trademark	:	CLIZID
Certificate of		
Regn. No.	:	4-2003-006467
Date Issued	:	September 24, 2005
Appln. No.	:	4-2002-006467
Date Filed	:	August 2, 2002
Goods	:	Pharmaceutical preparations for the prevention and/or treatment of disorders of the nervous system, the immune system, the cardio-vascular system, the respiratory system, the respiratory system, the musculo-skeletal system, the genitourinary system, for the treatment of inflammatory disorders, for use in dermatology, in oncology, in ophthalmology, for use in the gastroenterological area and the prevention and treatment of ocular disorders or diseases.
Class 5	:	5

A certified copy of Certificate of Registration No. 4-2002-006467 is enclosed herewith as Annex 'A' and made an integral part hereof.

“12. Opposer’s application for the mark CLIZID was filed on August 2, 2002 and the same was registered on September 24, 2005, long before respondent-applicant filed its application for the confusingly similar mark CLOZIP on February 27, 2008. Hence, opposer’s prior application and registration of its mark CLIZID will bar the successful registration of respondent-applicant’s confusingly similar mark CLOZIP.

“13. Opposer, through one of its local subsidiaries, Novartis Healthcare Phils., Inc., has also registered its products bearing the mark CLIZID with the Bureau of Food & Drugs. A copy of Certificate of Product Registration; No.DR-XY25182 as Annex ‘B’ and made an integral part hereof.

“14. The trademark CLIZID has been used as early as May 2000 in the Philippines. The actual product packaging of the goods bearing the trademark CLIZID as distributed in the Philippines is enclosed herewith as Annex “C” and made an integral part hereof.

“15. Moreover, promotional materials, i.e. medicine case and tape measures, for the products bearing the mark CLIZID are enclosed herewith as Annexes “D” and “E”, respectively, and made integral parts hereof.

“16. By virtue of opposer’s registration and use of the trademark CLIZID in the Philippines, said trademark has become distinctive of opposer’s goods and business.

“17. A boundless choice of words, phrases and symbols are available to a person who wishes to have a trademark sufficient unto itself to distinguish its products from those of others. There is no reasonable explanation therefore for respondent-applicant to use the word CLOZIP when the field for its selection is so broad. Respondent-Applicant obviously intends to maliciously trade and is maliciously trading on opposer’s goodwill.

“18. In the case of American Wire & Cable Co. vs. Director of Patents (G.R. No. L-26557, February 18, 1970), the Supreme Court held that:

“As in all other cases of colorable imitations, the unanswered riddle is why, of the millions of terms and combinations of letters and designs available, the appellee had to choose those so closely similar to another’s trademark if there was no intent to take advantage of the goodwill generated by the other mark.”

“19. It should be noted that an ordinary and/or casual purchaser buying under normal prevalent conditions in trade is not expected to exercise a careful scrutiny between two (2) products bearing confusingly similar trademarks, as in opposer’s trademark CLIZID vis-a-vis respondent-applicant’s trademark CLOZIP, and will most likely be confused and deceived to buy one product for the other.

“20. Thus, the registration and use of the trademark CLOZIP by respondent-applicant will deceive and/ or confuse purchasers into believing that respondent-applicant’s goods and/ or products bearing the trademark CLOZIP emanate from or are under the sponsorship of opposer Novartis AG, owner/registrant of the trademark CLIZID. This will therefore diminish the distinctiveness and dilute the goodwill of opposer’s trademark.

The Opposer’s evidence consists of the following:

1. Exhibits “A” to “A-1” - Certificate of Registration No. 4-2002006467 issued for the mark CLIZID and Opposer’s Letter-Request to the Bureau of Trademarks dated February 11, 2009 for the issuance of the certified true copy of said Certificate of Registration.

2. Exhibit "B" - BFAD Certificate of Product Registration No. DRXY25182 for products bearing the mark CLIZID;
3. 3. Exhibit "C" - Product packaging of goods bearing the trademark CLIZID;
4. 4. Exhibit "D" - Medicine case bearing the mark CLIZID;
5. 5. Exhibit "E" - Tape measure bearing the mark CLIZID;
6. 6. Exhibit "G" - Joint Affidavit-Testimony of Marcus Goldback and Manuela Hillewaert; and
7. 7. Exhibits "H" to 'H-I" - Pages from Novartis AG's Annual Report for the year 2007.

This Bureau issued and served upon the Respondent-Applicant a Notice to Answer on 03 April 2009. The Respondent-Applicant, however, did not file an answer. Thus, Rule 2, Sec. 11 of the Regulations on Inter Partes Proceedings, as amended, provides:

Sec. 11. Effect of failure of to file Answer -In case the respondent fails to file an answer, or if the answer is filed out of time, the case shall be decided on the basis of the petition or opposition, the affidavits of the witnesses and the documentary evidence submitted by the petitioner or opposer.

Should the Opposition to Trademark Application Serial No. 4-2008-002296 be sustained?

The Opposer anchors its opposition on Sec. 123.1 (d) of Rep. Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"), to wit:

Section 123. Registrability. -123.1. A mark cannot be registered if it:

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(d) Is Identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of:

- (i) The same goods or services, or
- (ii) Closely related goods or services, or
- (iii) If it nearly resembles such a mark as to be likely to deceive or cause confusion;

The competing marks are reproduced below for comparison:

CLOZIP

Opposer's trademark

CLIZID

Respondent-Applicant's mark

Obviously, the competing marks are not identical. Notwithstanding that the letters "C", "L", "Z" and "I" can be found in the Respondent-Applicant's mark, it does not follow that the marks are similar, nor can they be described to be confusingly similar. Visually, the Opposer's mark is easily distinguishable from the Respondent-Applicant's by its third letter "O", as against the latter's first letter "I", and the last letter "P", as against the latter's "D". The similarity between the marks maybe the adoption of majority of the letters but this is not sufficient to establish a likelihood of deception or confusion.

Moreover, although the goods involved pertain to pharmaceutical products under Class 05, the product on which the mark CLOZIP is used is different from that covered by the mark

CLIZID in composition and is intended for a different purpose. The drug under the mark or brand CLOZIP is a “pharmaceutical preparation for antipsychotic used for the management of schizophrenia (including psychosis in Parkinson’s disease) in patients unresponsive to, or intolerance of, conventional antipsychotic drugs.” On the other hand, CLIZID is a brand for *“pharmaceutical preparations for the prevention and/or treatment of disorders of the nervous system, the immune system, the cardio-vascular system, the respiratory system, the musculo-skeletal system, the genitourinary system, for the treatment of inflammatory disorders, for use in dermatology, in oncology, in ophthalmology, for use in the gastroenterological area in the prevention and treatment of ocular disorders of diseases.”* In essence, the pharmaceutical products covered by CLOZIP and CLIZID are not identical, and therefore, not competing products. Neither could they be considered closely-related products.

The marked difference in the illnesses or disorders on which the drugs are applied to, makes the consumers more cautious and wary in buying the right product and brands. The situation in this instance is not the same as when two competing brands cater to or treat the same or related diseases.

Aptly, this Bureau finds that it is unlikely that the consumers will associate the Respondent-Applicant’s mark and product with the Opposer’s and vice-versa. As such, adverse effect on the reputation or goodwill of the Opposer’s mark, cannot be fairly inferred. There is no cogent reason to believe that the Opposer will likely be damaged by the registration of the Respondent-Applicant’s marks.

WHEREFORE, premises considered, the Notice of Opposition is, as it is hereby DENIED. Let the filewrapper of Trademark Application No. 4-2008002296 be returned together with a copy of this Decision to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Makati City, 21 June 2010.

NATHANIEL S. AREVALO
Director, Bureau of Legal Affairs
Intellectual Property Office